

LAND BOARD AGENDA ITEM

July 17, 2006

PRELIMINARY APPROVAL FOR LAND BANKING ACQUISITION

Background

The first auctions of trust land occurred in June, with closing dates in July and August. Subsequent auctions will be scheduled through October. DNRC can only sell 20,000 acres prior to acquisition of replacement property. Sale tracts total 19,510 acres split between Common Schools (19,190) and State Industrial School (320) acres. Sales are expected to generate up to \$10,700,000.

Selection Considerations

The Department has conducted a review of the tracts nominated for acquisition per Administrative Rule 36.25.813 (3). Acquisition selection forms were also completed for the recommended properties.

Access: All tracts are accessed via a county or federal road. If all tracts are purchased, publicly accessible state lands access in Montana will be increased by over 20,000 acres.

Revenue: The overall annual rate of return from the tracts sold is 0.8%. The predicted annual rate of return, over a 20 year period, from the tracts under consideration for acquisition yield a rate of return of 1.5% to 4.1%.

Multiple Use: The tracts have a variety of natural resource uses ranging from timber, agricultural, grazing and park purposes. These properties offer wildlife habitat, hunting, fishing and other recreational opportunities.

Location: The recommended tracts are generally those that are adjacent to other state and federal lands, conservation easements, or are located in counties where tracts are proposed to be sold.

Cooperation: DNRC has worked cooperatively with the Department of Fish Wildlife and Parks, The Nature Conservancy, The Blackfoot Challenge, other interest groups, area landowners and counties to identify tracts for possible acquisition.

Public Involvement:

In April, 2006, DNRC solicited nominations from a variety of cooperators, landowners, and local/ regional real estate agents encouraging interested parties to nominate parcels for acquisition via the Land Banking program between April and June, 2006. The Department received 15 nominations for purchase.

Upon preliminary approval, DNRC will secure a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.813 through 815, Due diligence includes a detailed inventory report of the property, appraisal, Phase 1 hazardous materials study, an in-depth financial analysis, and a survey, if needed, followed by final Land Board approval. DNRC will also initiate field trips for interested parties (the Board/staffers, Negotiated Rulemaking Committee members, other agencies, county commissioners, beneficiaries, other individuals) to view and comment on the recommended properties.

Agency Recommendation:

The Department recommends preliminary approval of the first five Land Banking tracts for further consideration for acquisition.

